National Security Personnel System (NSPS)

Background

- National Security Personnel System (NSPS) establishes framework for new personnel system
- Details of the new systems are being developed
  - DoD working groups developing implementation procedures based on established Component Demonstration Projects
- 150,000 DON employees eligible for initial coverage (GS and FWS)
  - Excludes current DON Demonstration projects
    - NAVSEA Warfare Centers
    - Naval Research Laboratory
    - Office of Naval Research
  - DON Workforce currently being analyzed to identify other groups not covered, e.g, Mariners/Faculty

NSPS Purpose and Objectives

NSPS is designed to improve the human resources management system by requiring greater line management involvement in human es fun

- Simplified Classification
- Refocused Performance Appraisa
- Pay Linked to Performance
- Performance Based Retention

Better Personnel Management System!!!

- The primary objectives of the NSPS Implementation are to:
  - Provide DON management increased authority to manage human resources
  - Improve recruitment process to assist DON in hiring the best qualified employees at a reasonable cost and competitive compensation
  - Provide a compensation system that enables DON to compensate employees equitably at a rate commensurate with their levels of responsibility and contribution, more competitive with the labor market
  - Improve linkage between individual contribution and compensation received

What's In It For You!

- NSPS benefits Employees by…
  - Providing a common set of contribution measures
  - Enhancing fairness of evaluations by group assessment
  - Providing an understandable basis for salary changes
  - Facilitating natural employee progression
- NSPS benefits Supervisors by providing better tools for…
  - Focusing attention on the total job
  - Setting pay according to contribution
  - Recognizing changes in contribution
  - Dealing with marginal contributors
  - Attracting, maintaining, and retaining a high-quality workforce
- NSPS benefits the Department of the Navy by enhancing the Department's ability to attract, retain, and motivate a high-quality civilian workforce
- NSPS provides a key pillar for SECDEF's Transformation Initiative

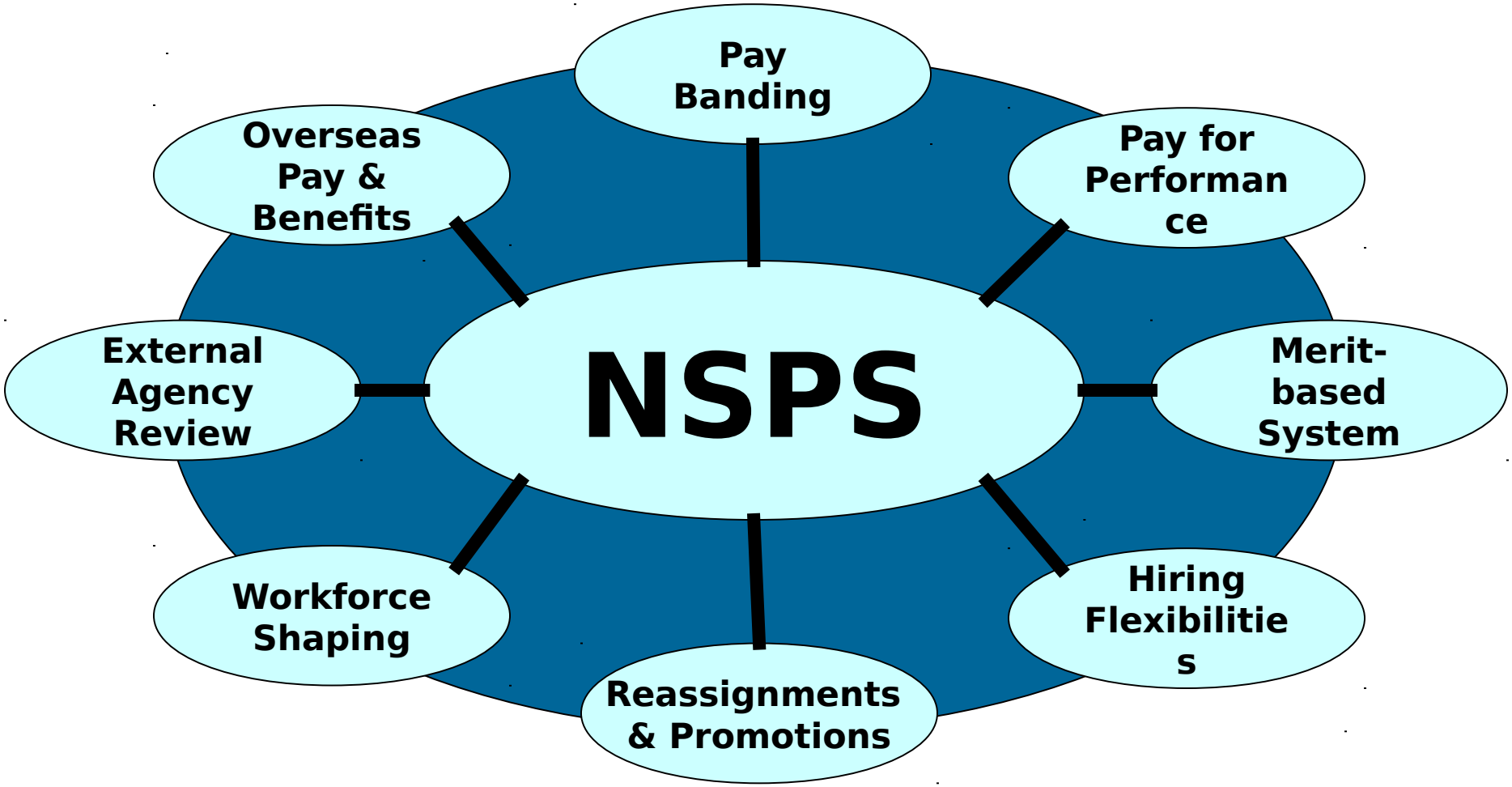
NSPS…A Management Tool

- NSPS is a Management Tool that will enable the Department to obtain and retain high performing workers
  - NSPS is your opportunity to re-shape your workforce to efficiently achieve your mission
  - NSPS' basic tenet of pay for performance is more than just words. It's a philosophy that will enable you to achieve the above two objectives.
- NSPS' effectiveness is dependent upon managers…
  - Clearly Communicating to their subordinates
    - How their work supports the mission and setting performance goals accordingly
    - Management's expectations about performance
    - Information on how subordinates are performing and are contributing to mission accomplishment
  - Being fiscally responsible by deciding how best to use pay bands to attract and retain the best and brightest, but within the limits of available money…current and future
- NSPS is not an HR tool..IT IS A MANAGEMENT TOOL

Current DON Challenges That NSPS Will Address

- Difficulty in meeting recruitment goals
- Difficulty in retaining core talent
- Limited ability to appropriately reward higher performers
- Inability to move talent quickly to new work

Summary of NSPS Provisions



NSPS Provisions
Pay Banding

- NSPS establishes three Career Groups (CG)
  - Career Group 1: Professional and Administrative Management
  - Career Group 2: Engineering, Scientific, and Medical Support
  - Career Group 3: Business and Administrative Support

- Pay Bands replace 15 Grade Levels and 10 Steps

Career Group	Pay Band Level															
Professional and Administrative Management					I								II		III	IV
Engineering, Scientific, and Medical Support	I				II			III								
Business and Administrative Support	I				II			III								
GS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	

NSPS Provisions
Pay for Performance

- To maximum extent possible, maintains funding levels for pay pools for FY04-08 as would otherwise have been allocated had NSPS not been established

- Funds for pay pool will include:
  - Promotions expected had employees remained in GS pay schedule
  - Within-grade increases
  - General (January) pay increase

- Payouts, effective in March, determined by supervisory appraisal
  - More detailed and definitive performance appraisals
  - Eliminates January pay raise and within-grade increases
  - Does not eliminate locality pay increase

- Increase can be to basic pay, a one-time cash payment, or both

NSPS Provisions Continued

- Merit-based System
  - Based on existing statutory Merit System principles
  - Protects veterans
  - Employee representatives and OPM involved in development and deployment
- Hiring
  - Hiring of up to 2,500 Experts DoD-wide for up to five years
  - Rehired Annuitants with no offset to pay (similar to Military)
  - Initial career appointment requires 3-year probationary period
  - On-the-spot hiring – criteria not yet finalized (i.e., critical positions, difficult to fill)
- Reassignments and Promotions
  - Employees may be reassigned within a level without competition
  - Alternative forms of competition now possible, e.g. promotion boards, ranking based on performance appraisal

NSPS Provisions Continued

- Workforce Shaping
  - Reduction in Force - Retention primarily based on performance
  - Permanent Early Retirement and Separation Incentive Authority
    - Separation Incentives of up to $25,000
    - Regulations issued 30 December 2003

- External Agency Review
  - Labor Relations
    - National Level Bargaining – Supercedes current agreements
    - Local bargaining on other issues
  - Internal (DoD) Appeals System - MSPB review based on DoD regulations

- Overseas Pay and Benefits
  - Aligns DoD with other agency employees engaged in hazardous activities or specialized functions

Other Authorization Act Provisions
Senior Executive Service

- Single Pay Band*
- Base Salary of $116,500 to $154,700 with approved performance system
- Total Compensation, including awards and bonuses, capped at no more than Vice President's total annual compensation (currently $192,600)

What NSPS Does Not Change

- Merit System Principles (including veterans' preference provisions)
- Rules against prohibited personnel practices (political favoritism, nepotism)
- Anti-discrimination laws
- Leave and attendance; travel and subsistence
- Pay for political executives, firefighters
- Training
- Health insurance and retirement benefits
- Safety and drug abuse programs

Implementation Timeline

- Begins FY 04, extending over two years
- Phased implementation
  - Initial implementation may include up to 300K employees in any organizational or functional unit
  - Full implementation authorized once performance management system and training in place
- DON Conversion Projected for Early FY 2005

NSPS Implementation Challenges

- Changing culture from Entitlement to Performance
  - Annual pay increase not guaranteed
  - Performance Evaluations need to be specific and defensible
    - Communicating and documenting performance goals
    - Providing professional feedback to employees on performance
- Managing Costs
  - Controlling pay increases within the bands
  - Ensuring performance is tied to business results
- Technology
  - Systems for documenting and tracking performance goals

NSPS Implementation Challenges, cont'd

- Communication/Training
  - Informing employees of benefits of new system
  - Guidance to managers and executives about their role
  - Interface with Unions
  - Developing employee performance goals

Recent Events

- DoD awarded contract for development of Training
- DoD awarded contract for Public Relations content
- VSIP/VERA Authority issued (30 December)
- Reemployed Annuitants/Experts and Consultants imminent
- SES Performance Plan imminent
- DON authorized inclusion in first wave NSPS conversion (Early FY05)